UNITED STATES PATENT AND TRADEMARK OFFICE

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3696	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
	10/709,184	GAGNON ET AL.
Office Action Summary	**Examiner**	**Art Unit**	
	MICHAEL D. CRANFORD	3696	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☐ Responsive to communication(s) filed on <u>08/27/08</u>.

2a)☒ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1,4-7,10-14,16 and 18-39</u> is/are pending in the application.

    4a) Of the above claim(s) <u>2,3,8,9,15 and 17</u> is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1, 4-7, 10-14, 16, 18-39</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on <u>04/20/04</u> is/are: a)☒ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

DETAILED ACTION

Status of Claims

1.   This action is in reply to the arguments filed on 23 February 2007.

2.   Claims 1, 4-7, 11, 12, 14, 20, 28, 30, 34 and 38 have been amended.

3.   Claim 39 has been added.

4.   Claims 2, 3, 8, 9, 15 and 17 have been canceled.

5.   Claims 1, 4-7, 10-14, 16 and 18-39 are currently pending and have been examined.

6.   The rejections of claims 1, 4-7, 10-14, 16 and 18-39 have been updated to reflect the amendments.

Response to Arguments

Examiner finds that Applicant's argument regarding Wherry's art is convincing. However, Examiner finds that Lange discloses a system where loan status is checked and or reviewed. Lange also teaches the identifying of at least one status indicator for a creditor and further discloses generating a series of inquiries with reference to the creditor. Lastly, Lange discloses a key risk review being determined necessary if the selected creditor corresponds to a predetermined loss to the entity in the event the creditor becomes bankrupt. For the reasons stated above, Examiner will use Lange's art as prior art.

Claim Rejections - 35 USC § 102

7.   The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or

in public use or on sale in this country, more than one year prior to the date of application for

patent in the United States.

8.   Claims 1, 4-7, 10-14, 16, 18-39 are rejected under 35 U.S.C. 102(b) as being unpatentable over

Lange (US PGP 2002/0147670 A1).

9.   **Claim 1:**

Lange shown, discloses the following limitations:

- *reviewing a status of at least one creditor at predetermined time intervals* (see at

  page 17 paragraph 0257....in the preferred embodiments, efficiency

  measurements are made on defined states and investments over the entire

  distribution of possible outcomes, which can then be used for statistical time

  series analysis with realized outcomes)

- *each of the at least one creditor having an outstanding loan from an entity* (see at

  least page 23 paragraph 0325....when investing in a group of DBAR contingent

  claims, traders will typically have outstanding balances invested for periods of

  time and may also have outstanding loans or margin balances from the

  exchange for periods of time)

- *identifying at least one status indicator for a creditor* (see at least FIG. 4)

- *selecting the creditor to review* (see at least FIG. 4)

- *generating a series of inquiries with reference to the creditor* (see at least page

  80 paragraph 1024....a practical example of a demand-based market or auction

  conducted using the network implementation follows. The example assumes that

  an investment bank receives inquiries for derivatives whose payouts are based

  upon a corporation's quarterly earnings release)

- *series of inquires comprises a series of questions designed to elicit information

  related to at least one of the creditor and a status indicator* (see at least page 80

paragraph 1024....a practical example of a demand-based market or auction

conducted using the network implementation follows. The example assumes that

an investment bank receives inquiries for derivatives whose payouts are based

upon a corporation's quarterly earnings release)

- *presenting the inquires to a user associated with the entity* (see at least page 80

    paragraph 1024....a practical example of a demand-based market or auction

    conducted using the network implementation follows. The example assumes that

    an investment bank receives inquiries for derivatives whose payouts are based

    upon a corporation's quarterly earnings release)

- *determining a quantity of triggers flagged for the selected creditor based on the*

    responses to the inquiries with reference to the creditor (see at least FIG. 4)

- *determining if a key risk review is necessary for the creditor in response to the*

    quantity of flagged triggers being greater than a predetermined number (see at

    page 17 paragraph 0257....in the preferred embodiments, efficiency

    measurements are made on defined states and investments over the entire

    distribution of possible outcomes, which can then be used for statistical time

    series analysis with realized outcomes)

- *key risk review is determined to be necessary if the selected creditor*

    corresponds to a predetermined loss to the entity in the event the creditor

    becomes bankrupt (see at   page 17 paragraph 0257....in the preferred

    embodiments, efficiency measurements are made on defined states and

    investments over the entire distribution of possible outcomes, which can then be

    used for statistical time series analysis with realized outcomes)

- *conducting a key risk review in response determining that a key risk review is*

    necessary (see at   page 17 paragraph 0257....in the preferred embodiments,

    efficiency measurements are made on defined states and investments over the

entire distribution of possible outcomes, which can then be used for statistical

time series analysis with realized outcomes)

- *key risk review comprises reviewing actions to reduce exposure or loss* (see at

    page 17 paragraph 0257….in the preferred embodiments, efficiency

    measurements are made on defined states and investments over the entire

    distribution of possible outcomes, which can then be used for statistical time

    series analysis with realized outcomes)

10.   **Claim 4:**

Lange et al. shown, discloses the following limitations:

- *taking no action in response to not identifying any status indicators for the
    creditor* (see at page 17 paragraph 0257….in the preferred embodiments,
    efficiency measurements are made on defined states and investments over the
    entire distribution of possible outcomes, which can then be used for statistical
    time series analysis with realized outcomes)

11.   **Claim 5:**

Lange et al. shown, discloses the following limitations:

- *determining the quantity of triggers flagged for the selected creditor is performed
    in response to identifying at least one status indicator for the selected creditor*
    (see at least FIG. 4)

12.   **Claim 6:**

Lange et al. shown, discloses the following limitations:

- *responding to a series of inquiries with reference to the selected creditor* (see at
    least page 56 paragraph 0730….alternatively, the risk of such possible losses
    due to credit risk may be insured, with the cost of such insurance either borne by
    the exchange or passed on to the traders)

13.   **Claim 7:**

Lange et al. shown, discloses the following limitations:

- *responding to a series of inquiries related to at least one of a predetermined model related to the selected creditor, a market related to the selected creditor, subjective criteria related to the selected creditor, industry conditions, economic conditions, occurrence of an event affecting the selected creditor, and a behavior of the selected creditor* (see at least page 56 paragraph 0730….alternatively, the risk of such possible losses due to credit risk may be insured, with the cost of such insurance either borne by the exchange or passed on to the traders)

14.   **Claim 10:**

Lange et al. shown, discloses the following limitations:

- *performing a decided action in response to the key risk review* (see at least page 56 paragraph 0730….alternatively, the risk of such possible losses due to credit risk may be insured, with the cost of such insurance either borne by the exchange or passed on to the traders)
- *monitoring a status of the creditor* (see at page 17 paragraph 0257….in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

15.   **Claim 11:**

Lange et al. shown, discloses the following limitations:

- *exposure review in response to the quantity of flagged triggers being greater than the predetermined number and a key risk review not being performed* (see at page 17 paragraph 0257….in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

16.   **Claim 12:**

Lange shown, discloses the following limitations:

- *electronically reviewing a status of a creditor* (see at least FIG. 4)

- *creditor has an outstanding loan from an entity* (see at least page 23 paragraph 0325....when investing in a group of DBAR contingent claims, traders will typically have outstanding balances invested for periods of time and may also have outstanding loans or margin balances from the exchange for periods of time)

- *electronically determining at least one status indicator is associated with the creditor* (see at least FIG. 4)

- *electronically generating a series of inquiries* (see at least page 80 paragraph 1024....a practical example of a demand-based market or auction conducted using the network implementation follows. The example assumes that an investment bank receives inquiries for derivatives whose payouts are based upon a corporation's quarterly earnings release)

- *electronically receiving a response from the series of inquiries with reference to the selected creditor* (see at least page 80 paragraph 1024....a practical example of a demand-based market or auction conducted using the network implementation follows. The example assumes that an investment bank receives inquiries for derivatives whose payouts are based upon a corporation's quarterly earnings release)

- *electronically determining a quantity of triggers flagged based on responses to the series of inquiries for the a selected creditor* (see at least page 80 paragraph 1024....a practical example of a demand-based market or auction conducted using the network implementation follows. The example assumes that an investment bank receives inquiries for derivatives whose payouts are based upon a corporation's quarterly earnings release)

- *establishing an action plan in response to the quantity of flagged triggers being greater than a predetermined number* (see at least page 56 paragraph

0730....alternatively, the risk of such possible losses due to credit risk may be

insured, with the cost of such insurance either borne by the exchange or passed

on to the traders)

- *conducting a key risk review in response to the creditor corresponding to a*

  predetermined loss in the event of bankruptcy (see at page 17 paragraph

  0257....in the preferred embodiments, efficiency measurements are made on

  defined states and investments over the entire distribution of possible outcomes,

  which can then be used for statistical time series analysis with realized

  outcomes)

- *performing an exposure review in response to the quantity of flagged triggers*

  being greater than the predetermined number and a key risk review not being

  performed (see at page 17 paragraph 0257....in the preferred embodiments,

  efficiency measurements are made on defined states and investments over the

  entire distribution of possible outcomes, which can then be used for statistical

  time series analysis with realized outcomes)

17.   **Claim 13:**

Lange et al. shown, discloses the following limitations:

- *each inquiry relates to one of a predetermined model related to the selected*

  creditor, a market associated with the selected creditor, subjective criteria

  associated with the selected creditor, industry conditions, economic conditions,

  occurrence of an event affecting the selected creditor and a behavior of the

  selected creditor (see at least FIG. 4)

18.   **Claim 14:**

Lange et al. shown, discloses the following limitations:

- *determining any change in a Standard and Poor's (S&P) bond rating for the*

  selected creditor by a predetermined number of grades (see at least page 32

paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a Moody's rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a credit default swap spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a bond spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining if the creditor has a broken or defective business model* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining if the creditor's industry is experiencing any downturn* (see at least TABLE 3.1.7-1)

- *determining any impact of any recent event on the creditor* (see at least page 34 paragraph 0458….for example, DBAR contingent claims can be based on an underlying event defined as the NAPM Index published by the National Association of Purchasing Managers)

- *determining a nature or demeanor of the creditor's management* (see at least FIG. 4)

19.   **Claim 16:**

Lange et al. shown, discloses the following limitations:

- *performing a decided action in response to the key risk review* (see at least page 56 paragraph 0730….alternatively, the risk of such possible losses due to credit risk may be insured, with the cost of such insurance either borne by the exchange or passed on to the traders)

- *monitoring a status of the creditor* (see at page 17 paragraph 0257….in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

20.   **Claim 18:**

Lange et al. shown, discloses the following limitations:

- *taking no action in response to the quantity of flagged triggers being less than a predetermined number* (see at page 17 paragraph 0257….in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

21.   **Claim 19:**

Lange et al. shown, discloses the following limitations:

- *monitoring the selected creditor in response to the quantity of flagged triggers being greater than the predetermined number* (see at   page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

22.   Claim 20:

Lange shown, discloses the following limitations:

- *central processing unit* (see at least FIG. 2)

- *at least one trigger* (see at least FIG. 4)

- *credit action trigger program operable on the central processing unit processor* (see at   page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *review a status of a creditor* (see at least FIG. 4)

- *creditor has an outstanding loan from an entity* (see at least page 23 paragraph 0325....when investing in a group of DBAR contingent claims, traders will typically have outstanding balances invested for periods of time and may also have outstanding loans or margin balances from the exchange for periods of time)

- *determine at least one status indicator is associated with the creditor* (see at least FIG. 4)

- *generate a series of inquiries* (see at least page 80 paragraph 1024....a practical example of a demand-based market or auction conducted using the network implementation follows. The example assumes that an investment bank receives

inquiries for derivatives whose payouts are based upon a corporation's quarterly
earnings release)

- *receive a response from the series of inquiries with reference to the selected*
  creditor (see at least page 80 paragraph 1024….a practical example of a
  demand-based market or auction conducted using the network implementation
  follows. The example assumes that an investment bank receives inquiries for
  derivatives whose payouts are based upon a corporation's quarterly earnings
  release)

- *determine a quantity of the at least one trigger being flagged based on responses*
  to the series of inquiries for the a selected creditor (see at least FIG. 4)

- *conduct a key risk review in response to the creditor corresponding to a*
  predetermined loss in the event of bankruptcy (see at page 17 paragraph
  0257….in the preferred embodiments, efficiency measurements are made on
  defined states and investments over the entire distribution of possible outcomes,
  which can then be used for statistical time series analysis with realized
  outcomes)

- *perform an exposure review in response to the quantity of flagged triggers being*
  greater than the predetermined number and a key risk review not being
  performed (see at page 17 paragraph 0257….in the preferred embodiments,
  efficiency measurements are made on defined states and investments over the
  entire distribution of possible outcomes, which can then be used for statistical
  time series analysis with realized outcomes)

23.   Claim 21:

Lange et al. shown, discloses the following limitations:

- *inquiry including a predetermined model related to the selected creditor* (see at
  least FIG. 4)

- *inquiry related to a market of the selected creditor* (see at least FIG. 4)

- *inquiry including subjective criteria related to the selected creditor* (see at least FIG. 4)

- *inquiry related to industry conditions in which the selected creditor does business* (see at FIG. 4)

- *inquiry related to economic conditions* (see at least FIG 4)

- *inquiry related to an impact of any events affecting the creditor* (see at FIG. 4)

- *inquiry related to a behavior of the selected creditor* (see at FIG. 4)

24.   **Claim 22:**

Lange et al. shown, discloses the following limitations:

- *determining any change in a Standard and Poor's (S&P) bond rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a Moody's rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a credit default swap spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit

agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or

all of a corporation's outstanding securities)

- *determining any change in a bond spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining if the creditor has a broken or defective business model* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining if the creditor's industry is experiencing any downturn* (see at least TABLE 3.1.7-1)

- *determining any impact of any recent event on the creditor* (see at least page 34 paragraph 0458....for example, DBAR contingent claims can be based on an underlying event defined as the NAPM Index published by the National Association of Purchasing Managers)

- *determining a nature or demeanor of the creditor's management* (see at least FIG. 4)

25.   **Claim 23:**

Lange et al. shown, discloses the following limitations:

- *input device for a user to respond to the series of inquiries* (see at least page 83 paragraph 1070....thus, the FRN customer inputs certain FRN parameters.....)

26.   **Claim 24:**

Lange et al. shown, discloses the following limitations:

- *memory system to store the credit action trigger program and the inquiries* (see at least page 37 paragraph 0500....computer memory: demand-based markets or auctions can be structured to trade DBAR contingent claims, including for example, digital options, based on computer memory components)

27.   **Claim 25:**

Lange et al. shown, discloses the following limitations:

- *output device to present the series of inquiries to a user* (see at FIG. 1)

28.   **Claim 26:**

Lange et al. shown, discloses the following limitations:

- *least one other processor for users to access the credit action trigger program* (see at least FIG. 2)

29.   **Claim 27:**

Lange et al. shown, discloses the following limitations:

- *browser operable on the at least one other processor to access the credit action trigger program* (see at least FIG. 22)

30.   **Claim 28:**

Lange shown, discloses the following limitations:

- *providing a central processing unit* (see at least FIG. 2)

- *providing at least one trigger* (see at least FIG. 4)

- *providing a credit action trigger program operable on the central processing unit* (see at   page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *review a status of a creditor* (see at least FIG. 4)

- *creditor has an outstanding loan from an entity* (see at least page 23 paragraph 0325....when investing in a group of DBAR contingent claims, traders will

typically have outstanding balances invested for periods of time and may also

have outstanding loans or margin balances from the exchange for periods of

time)

- *determine at least one status indicator is associated with the creditor* (see at

  least FIG. 4)

- *generate a series of inquiries* (see at least page 80 paragraph 1024….a practical

  example of a demand-based market or auction conducted using the network

  implementation follows. The example assumes that an investment bank receives

  inquiries for derivatives whose payouts are based upon a corporation's quarterly

  earnings release)

- *receive a response from the series of inquiries with reference to the selected*

  creditor (see at least page 80 paragraph 1024….a practical example of a

  demand-based market or auction conducted using the network implementation

  follows. The example assumes that an investment bank receives inquiries for

  derivatives whose payouts are based upon a corporation's quarterly earnings

  release)

- *determine a quantity of the at least one trigger being flagged based on responses*

  to the series of inquiries for the a selected creditor (see at least FIG. 4)

- *conduct a key risk review in response to the creditor corresponding to a*

  predetermined loss in the event of bankruptcy (see at page 17 paragraph

  0257….in the preferred embodiments, efficiency measurements are made on

  defined states and investments over the entire distribution of possible outcomes,

  which can then be used for statistical time series analysis with realized

  outcomes)

- *perform an exposure review in response to the quantity of flagged triggers being*

  greater than the predetermined number and a key risk review not being

  performed (see at page 17 paragraph 0257….in the preferred embodiments,

efficiency measurements are made on defined states and investments over the

entire distribution of possible outcomes, which can then be used for statistical

time series analysis with realized outcomes)

31.   Claim 29:

Lange et al. shown, discloses the following limitations:

- *inquiry including a predetermined model related to the selected creditor* (see at
  page 17 paragraph 0257....in the preferred embodiments, efficiency
  measurements are made on defined states and investments over the entire
  distribution of possible outcomes, which can then be used for statistical time
  series analysis with realized outcomes)
- *inquiry related to a market of the selected creditor* (see at least FIG. 4)
- *inquiry including subjective criteria related to the selected creditor* (see at least
  FIG. 4)
- *inquiry related to industry conditions in which the selected creditor does business*
  (see at least FIG. 4)
- *inquiry related to economic conditions* (see at least FIG. 4)
- *inquiry related to an impact of any events affecting the creditor* (see at least FIG.
  4)
- *inquiry related to a behavior of the selected creditor* (see at least FIG. 4)

32.   Claim 30:

Lange et al. shown, discloses the following limitations:

- *providing means to determine any change in a Standard and Poor's (S&P) bond
  rating for the selected creditor by a predetermined number of grades* (see at least
  page 32 paragraph 0426....Groups of DBAR contingent claims can also be
  construed on credit events, such as the event that one of the major credit

agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *providing means to determine any change in a Moody's rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *providing means to determine any change in a credit default swap spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *providing means to determine any change in a bond spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *providing means to determine a broken or defective business model* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *providing means to determine if an industry of the selected creditor is experiencing any downturn* (see at least TABLE 3.1.7-1)

- *providing means for determining any impact of any recent event on the selected creditor* (see at least page 34 paragraph 0458....for example, DBAR contingent claims can be based on an underlying event defined as the NAPM Index published by the National Association of Purchasing Managers)

- *providing means for determining a nature or demeanor of the selected creditor's management* (see at least FIG. 4)

33.   **Claim 31:**

Lange et al. shown, discloses the following limitations:

- *providing an output device to present the series of inquiries to a user* (see at FIG. 1)

34.   **Claim 32:**

Lange et al. shown, discloses the following limitations:

- *input device for a user to respond to the series of inquiries* (see at least page 83 paragraph 1070....thus, the FRN customer inputs certain FRN parameters.....)

35.   **Claim 33:**

Lange et al. shown, discloses the following limitations:

- *providing a memory system to store the credit action trigger program and the inquiries* (see at least page 37 paragraph 0500....computer memory: demand-based markets or auctions can be structured to trade DBAR contingent claims, including for example, digital options, based on computer memory components)

36.   **Claim 34:**

Lange shown, discloses the following limitations:

- *reviewing a status of at least one creditor at predetermined time intervals* (see at least FIG. 4)

- *creditor having an outstanding loan from an entity* (see at least page 23 paragraph 0325....when investing in a group of DBAR contingent claims, traders

will typically have outstanding balances invested for periods of time and may also have outstanding loans or margin balances from the exchange for periods of time)

- *identifying at least one status indicator for a creditor* (see at least FIG. 4)

- *selecting the creditor to review* (see at least FIG. 4)

- *generating a series of inquiries with reference to the creditor* (see at least page 80 paragraph 1024....a practical example of a demand-based market or auction conducted using the network implementation follows. The example assumes that an investment bank receives inquiries for derivatives whose payouts are based upon a corporation's quarterly earnings release)

- *determining a quantity of triggers flagged based on the responses to the series of inquiries for a selected creditor* (see at least FIG. 4)

- *establishing an action plan in response to the quantity of flagged triggers being greater than a predetermined number* (see at least page 56 paragraph 0730....alternatively, the risk of such possible losses due to credit risk may be insured, with the cost of such insurance either borne by the exchange or passed on to the traders)

37.   **Claim 35:**

Lange et al. shown, discloses the following limitations:

- *each inquiry relates to one of a predetermined model related to the selected creditor, a market associated with the selected creditor, subjective criteria associated with the selected creditor, industry conditions, economic conditions, occurrence of an event affecting the selected creditor and a behavior of the selected creditor* (see at least FIG. 4)

38.   **Claim 36:**

Lange et al. shown, discloses the following limitations:

- *determining any change in a Standard and Poor's (S&P) bond rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a Moody's rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a credit default swap spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining any change in a bond spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at least page 9 paragraph 0079....the stock watch interface also allows a user to select a particular security/creditor and launch any of the investment tools with the selected security's data being populated into the chosen analytical tool)

- *determining if the creditor has a broken or defective business model* (see at least page 9 paragraph 0079....the stock watch interface also allows a user to select a particular security/creditor and launch any of the investment tools with the selected security's data being populated into the chosen analytical tool)

- *determining if the creditor's industry is experiencing any downturn* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining any impact of any recent event on the creditor* (see at least page 34 paragraph 0458....for example, DBAR contingent claims can be based on an underlying event defined as the NAPM Index published by the National Association of Purchasing Managers)

- *determining a nature or demeanor of the creditor's management* (see at least FIG. 4)

39.   **Claim 37:**

Lange et al. shown, discloses the following limitations:

- *taking no action in response to the quantity of flagged triggers being equal to the predetermined number* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

40.   **Claim 38:**

Lange et al. shown, discloses the following limitations:

- *monitoring the selected creditor in response to the quantity of flagged triggers being equal to the predetermined number* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

41.   **Claim 39:**

Lange shown, discloses the following limitations:

- *determining any change in a Standard and Poor's (S&P) bond rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a Moody's rating for the selected creditor by a predetermined number of grades* (see at least page 32 paragraph 0426....Groups of DBAR contingent claims can also be construed on credit events, such as the event that one of the major credit agencies (e.g., Standard and Poor's, Moody's) changes for the rating for some or all of a corporation's outstanding securities)

- *determining any change in a credit default swap spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining any change in a bond spread for the selected creditor by a predetermined number of basis points in a predetermined time period* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining if the creditor has a broken or defective business model* (see at page 17 paragraph 0257....in the preferred embodiments, efficiency measurements are made on defined states and investments over the entire distribution of possible outcomes, which can then be used for statistical time series analysis with realized outcomes)

- *determining if the creditor's industry is experiencing any downturn* (see at least TABLE 3.1.7-1)

- *determining any impact of any recent event on the creditor* (see at least page 34 paragraph 0458....for example, DBAR contingent claims can be based on an underlying event defined as the NAPM Index published by the National Association of Purchasing Managers)

- *determining a nature or demeanor of the creditor's management* (see at least FIG. 4)

CONCLUSION

Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **Michael D. Cranford** whose telephone number is **571-270-3106.** The Examiner can normally be reached on Monday-Friday, 9:30am-5:00pm. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **Thomas Dixon** can be reached at **571-272-6803**.

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